

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6877

BILL NUMBER: SB 311

NOTE PREPARED: Feb 1, 2012

BILL AMENDED: Jan 31, 2012

SUBJECT: Cost-benefit Analysis of Administrative Rules.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR: Rep. Truitt

BILL STATUS: As Passed Senate

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) The bill requires the Office of Management and Budget (OMB) to prepare for each administrative rule that: (1) has been adopted; and (2) has taken effect; after December 31, 2011, a cost-benefit analysis with respect to the first three years following the rule's effective date. It provides that a cost-benefit analysis must include certain information concerning the three year period covered by the analysis. It requires the OMB to submit a cost-benefit analysis to: (1) the Governor; and (2) the Administrative Rules Oversight Committee; not later than six months after the third anniversary of the rule's effective date. The bill also provides that the Governor or the committee may prescribe: (1) the form of a cost-benefit analysis; and (2) the process, deadlines, and other requirements for submitting a cost-benefit analysis.

The bill provides that in preparing a cost-benefit analysis: (1) before a rule's adoption under the existing statute that requires a cost-benefit analysis for proposed rules; or (2) after a rule's adoption and effective date under the act; the OMB shall consider any verified data provided voluntarily by interested parties, regulated persons, and nonprofit corporations whose members may be affected by the rule. It provides that a cost-benefit analysis prepared before or after a rule's adoption is a public document, subject to the following: (1) The OMB or an agency may not require an interested party or a regulated person to provide information in connection with an analysis. (2) If an interested party or a regulated person voluntarily provides information, the OMB or an agency responsible for proposing or administering the rule shall ensure adequate protection of any confidential or proprietary information provided. (3) At least 30 days before presenting the cost-benefit analysis to the Governor and the Administrative Rules Oversight Committee, the OMB shall make the cost-benefit analysis available to interested parties, regulated persons, and nonprofit corporations whose members may be affected by the rule.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Fiscal Impact Statements:* The bill's requirements will likely increase administrative expenses for the OMB, but any impact will depend upon the number of fiscal impact statements that will need to be prepared due to the bill's provisions. It is estimated that the bill's requirements can be accomplished within existing resources.

Executive Order 2-89 and Financial Management Circular (FMC) 2010-4 require state agencies to complete fiscal analyses of proposed rules' impact on state and local government. The OMB does not conduct their own fiscal analysis unless an agency's analysis is incomplete.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Management and Budget.

Local Agencies Affected:

Information Sources: Ann Kaiser, Office of Management and Budget, 317-234-2079.

Fiscal Analyst: Jessica Harmon, 317-232-9854.